

## Message Text

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PAGE 01 TEHRAN 03089 301050Z  
ACTION XMB-04

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P 301025Z MAR 78  
FM AMEMBASSY TEHRAN  
TO SECSTATE WASHDC PRIORITY 7637

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E.O. 11652: N/A  
TAGS: EFIN IR  
SUBJ: WIRE ROD MILL FOR THE SHAHRYAR INDUSTRIAL GROUP

REF: STATE 076881

1. BUSINESS REPUTATION AND STRENGTH OF SHAHRYAR INDUSTRIAL GROUP CONSIDERED EXCELLENT. GROUP CONSISTS OF NINE OPERATING COMPANIES PRODUCING METALPIPE, WIRE, ALUMINUM PROFILES, ETC., AND IS HEADED BY MR. ALI REZAI AS CHAIRMAN AND HIS SON SHSHYAI REZAI AS VICE CHAIRMAN. TOTAL CAPITAL (ALL PAID IN) IS 13.5 BILLION REALS. BANK SHSRYAR IS CAPITALIZED AT 5 BILLION RIALS.

2. THE NEW PLANT, SHAHEN WIRE ROD MILL COMPANY, HAS A REGISTERED CAPITAL OF 3 BILLION RIALS, THE SHAREHOLDERS BEING ALI REZAI AND SEVERAL COMPANIES OWNED BY THE SHSHRYAR INDUSTRIAL GROUP. THE PLANT, TO BE LOCATED AT AHEAZ, IS TO BE COMPLETED IN 1981 AND WILL HAVE A PRODUCTION CAPACITY OF 400,000 TONS PER YEAR. LOCAL DEMAND, ANTICIPATED TO REACH 500 THOUSAND TONS PER YEAR BY 1981, CURRENTLY IS ESTIMATED AT 100 THOUSAND TONS PER YEAR MET BY OUTPUT OF SHAHRYAR WIRE ROD MILL COMPANY, ANOTHER SUBSIDIARY OF SHSHRYAR GROUP.

3. RE PARA TWO OF TEFTTEL, EXIM'S RECOLLECTION OF U.S.  
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PAGE 02 TEHRAN 03089 301050Z

BANKERS' COMMENTS ON SHSHRYAR BANK ACCURATE. EMBASSY KNOWS OF SEVERAL U.S. BANKS WHICH HAVE TERMINATED LINES OF CREDIT WITH SHAHRYAR BASED ON THEIR EVALUATION OF BANK. FOR MORE SPECIFIC EVALUATION, EMBOFF ASKED SEVERAL PROMINENT U.S. BANK REPRESENTATIVES IF THEY WOULD ACCEPT A LONG-TERM SHAHRYAR GUARANTEE; EMBOFF WAS GIVEN CLEAR NEGATIVES WITH ONE BANKER SAYING HE HAD

JUST REFUSED SUCH A GUARANTEE. BANK SHSHRYAR IS A YOUNG BANK, SERVES HEAVILY THE INER-COMPANY NEEDS OF THE SHSHRYAR INDUSTRIAL GROUP WITH ITS FORTUNES HIGHLY LINKED TO THAT QUOTE FAMILY UNQUOTE, IS KNOWN FOR PPOR MANAGEMENT (CENTRAL BANK ASSIGNED A SENIOR OFFICER TO ITS MANAGING DIRECTOR POSITION TWO YEARS AGO BUT TERMINATED THE ASSIGNMENT WHEN HIS EFFECTIVENESS WAS SEEN AS LIMITED) AND REPORTEDLY LOST RATHER HEAVILY IN RECENT FOREIGN EXCHANGE DEALINGS. ONE THE OTHER HAND, THE CENTRAL BANK HAS DEMONSTRATED A CLOSE SCRUTINY OF THE BANKING SYSTEM AND ITS ROLE AS BANK OF LAST RESORT, HAVING ACTUALLY REORGANIZED TWO BANKS IN RECENT YEARS. EXIM MAY WISH TO ASK MORGAN TO SEEK A GUARANTEE FROM A DIFFERENT IRANIAN BANK, IF FOR NO OTHER REASON THAN TO GET OUTSIDE THE SHAHRYAR FAMILY.

4. THERE IS LITTLE QUESTION THAT SHAHRYAR GROUP COULD PROVIDE GUARANTEE THROUGH BANK MELLI OR OTHER IRANIAN BANK AND THIS WOULD APPEAR TO BE MOST PRUDENT COURSE. SULLIVAN

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## Message Attributes

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**Disposition Date:** 20 Mar 2014  
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**TAGS:** EFIN, IR, SHAHRAYR INDUSTRIAL  
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